



May 14, 2024

700 Pennsylvania Avenue SE
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6B@anc.dc.gov

Council of the District of Columbia
1350 Pennsylvania Avenue, NW, Washington, D.C. 20004
Re: Gasoline Tax

Dear Council Members:

At a properly noticed general meeting on May 14, 2024, with a quorum present, Advisory Neighborhood Commission (ANC) 6B voted 8-0-0, as recommended by its Executive Committee, to submit the following request to the Council of the District of Columbia.

Last month the Mayor announced at a Council meeting that, without further action, the District's budget faced a shortfall of \$700 million/year for the foreseeable future. We understand that the Council is considering every possible avenue for cutting expenses and increasing revenues. We write to recommend one part of the solution: the District should increase the gasoline tax.

DC's gasoline tax is codified at § 47-2301. In 2020, DC repealed an 8% tax on the wholesale price of gasoline, and replaced it with a \$.235 per gallon flat tax (plus an inflation-indexed surcharge of \$.103 per gallon on gasoline "used for commercial purposes".) In effect, DC switched from a tax that automatically increased with inflation to one that, mostly, did not – an understandable decision in the low-inflation environment of 2020, but one which proved fiscally harmful in the high-inflation environment of 2021 to present.

DC's gasoline tax is now anomalously low. Maryland charges \$.47 per gallon – precisely *double* DC's tax – and automatically increases the tax every July based on inflation. (<https://www.marylandtaxes.gov/business/motor-fuel/tax-info.php>) Virginia charges \$0.298 per gallon (<https://www.dmv.virginia.gov/businesses/tax-act/tax-rates>) plus another \$0.087 per gallon for gas stations in Northern Virginia (<https://novatransit.org/resources/financialinformation/motor-fuels-tax/>), for a total of \$0.385 per gallon, and also automatically increases the tax every July based on inflation.

In short, DC could raise far more revenue from its gasoline tax without causing the price of gasoline in the city to be uncompetitive with the price of gasoline in the suburbs. We propose two options:

- (1) DC could adopt the Maryland system, and set its gas tax at \$.47 per gallon with automatic inflation indexing, or
- (2) (2) DC could return to the previous system of charging a sales tax. If so, we recommend that the Council use the 14.95% sales tax rate that is charged for hotels, which would produce a result approximately equal to the Maryland system.

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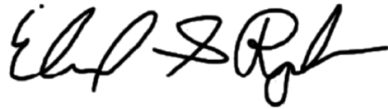
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Given how low the gasoline tax is now, such an increase should not have major disruptive effects on DC drivers. To the extent that it does affect drivers, though, a higher gasoline tax would serve two of the city's interests: promoting Vision Zero and promoting equity. A higher gasoline tax encourages residents and out-of-towners to prefer public transit and carpooling over solo driving, which will result in fewer traffic injuries. A higher gasoline tax promotes equity because in the District, 35% of households do not even own an automobile, with the car-free homes concentrated especially among low-income homes – so the tax will be paid disproportionately by higher-income residents, as well as out-of-towners. The revenue generated can also promote equity, by helping the Council to avoid budget cuts. In particular, ANC 6B recommends that the increased revenue from the higher gasoline tax be dedicated to public transportation such as the DC Circulator, and to other pedestrian and transit infrastructure, such as the Vision Zero improvement projects. Thank you in advance for considering and granting great weight to our recommendations. We look forward to your response.

Sincerely,



Edward Ryder
Chair, ANC 6B